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THE TROUBLES OF THE MAIL CONTRACTS.

The great difficulty and the great hardship consisted in the failure to provide for the payment of the contractors for the service of the mail from June, 1869. The Department had entered into contracts, in obedience to existing laws, for the service of that fiscal year, and the contractors were ready to perform their duty. But the Department during that deficiency as stated in the bill amounted to \$3,838,724, but after a careful settlement of all these accounts, it was ascertained that the amount to be paid to the contractors was \$4,441,000. The Postmaster-General has managed to pay that portion of this deficiency which occurred in the first two quarters of the past fiscal year, and has been able to pay the balance to the contractors themselves, under these trying circumstances, have behaved in a manner worthy of commendation. They had one resource in the emergency, and that was to borrow money, due to each of them had been ascertained and finally settled according to law, this became a specific debt of record against the Government, and the contractors had to borrow money on this unquestionable security. Still they were obliged to pay interest in consequence of the default of Congress, and on every principle of justice ought to receive interest from the Government. It was not until the 1st of December, when a warrant would have issued for the payment of the principal had an appropriation been made for this purpose. Calculated up to 1st December, it was not less than \$1,000,000 of interest due to the contractors. When contrasted with the great difficulties and embarrassments of a public and private character, both to the people and the States, which would have resulted from convening Congress in the middle of the winter.

For these reasons I recommend the passage of a bill, at as early a day as may be practicable, to provide for the payment of the amount, with interest, due to these contractors. It is necessary that the necessary appropriations for the service of the Post Office Department for the current fiscal year.

The failure to pass the Post Office bill necessarily gives rise to serious reflections. Congress, by refusing to pass the general appropriation bills necessary to carry on the government, may not only disarm the army, the navy, the judiciary—in short, every department of the government—can no longer perform their functions if Congress refuse the money necessary for their support. It is therefore a matter of the greatest necessity of electing a full Congress in sufficient time to enable the President to convene them in any emergency, even immediately after the old Congress expires. It is a matter of such great importance, and of such a time and sudden and alarming danger, foreign or domestic, which all nations must expect to encounter in their progress, the very salvation of our institutions may be at stake. It is therefore of the greatest importance that Congress be elected in sufficient time to enable the President should find himself in the condition in which he was placed at the close of the last Congress with nearly all the departments of the Government paralysed, the consequences might be disastrous. I, therefore, recommend to Congress to carry into effect the provisions of the constitution on this subject, and to pass a bill to convene Congress in March in each year of odd number for the election of representatives throughout all the States. They have already appointed a day for the election of electors for the President, and this measure has already been approved by the country.

I would again express a most decided opinion in favor of the construction of a Pacific railroad, from the Atlantic to the Pacific Ocean. It is a measure of great importance, and of great benefit to the Nation. When I reflect upon what would be the difficulties and expenses of our States and Territories west of the Rocky Mountains in case of a war with a naval power, I am struck with the importance of this measure, and with them by the routes across the isthmus, I am still more convinced than ever of the vast importance of this railroad. I have never doubted the necessity of this measure, and I am still more convinced of its importance for its construction, but this exclusively under the war-making power. Besides, the constitution expressly requires, as an imperative duty, that "the United States shall protect them against invasion." I am at a loss to conceive how this protection can be afforded to California and Oregon against such a naval power by any other means. I repeat the opinion that the Pacific railroad is not merely a measure of commerce, but a measure of defence, and I therefore recommend this great work to be undertaken.

own appointment, and under its direct and exclusive control. This would increase the patronage of the Executive to a dangerous extent, and would foster a system of jobbing and corruption which no vigilance could detect. The construction of this road ought, therefore, to be entrusted to incorporated companies, or other agencies, who would exercise that active and vigilant supervision over it which no individual interest is venturesome to assert that the additional cost of transporting troops, munitions of war, and necessary supplies for the army across the vast intervening plains to our frontier, in such a war than the whole amount required to construct the road. And yet this resort would, after all, be inadequate for their defence and protection.

OF THE COUNTRY.

We have yet scarcely recovered from the habits of extravagant expenditure, produced by our overflowing Treasury, during several years prior to the commencement of my administration. I have since experienced ought to teach us all to scrutinize our expenditures with the greatest vigilance, and to reduce them to the lowest possible point. The Executive Department cannot afford to have been deluged with themselves to the accomplishment of this object with considerable success, as will appear from their different reports and estimates. The purpose of reducing them still lower, if this be practicable, consistent with the great public interests of the country. In aid of the policy of retrenchment I pledge myself to examine closely every item of our expenditures, and to have some of these should inadvertently pass both houses, sometimes be the case, I may afford them an opportunity for reconsideration. At the same time, I ought to remember that the Executive Department cannot, in withholding the means necessary to accomplish important national objects conceded to us by the constitution, but in taking care that the money appropriated for these purposes shall be applied to the ends intended.

ADDITIONAL REVENUE REQUIRED.

It will appear from the report of the Secretary of the Treasury that it is extremely doubtful, to say the least, whether we can afford to continue at the present, and the next fiscal year without procuring additional revenue. This can only be accomplished by strictly confining the appropriations within the estimates of the different departments and the necessary expenditures, and by reducing additional expenditures which Congress may think proper, in their discretion, to authorize, and without providing for the redemption of any public debt or the discharge of any other obligations which have been already issued. In the event of a deficiency, which I consider probable, this ought never to be supplied by a resort to additional loans. It would be a ruinous practice in the present state of our affairs, to increase the national debt to meet the ordinary expenses of the government. This policy would cripple our resources and impair our credit in case the existence of war should render it necessary to borrow money.

I apprehend, I would recommend that the necessary revenue be raised by an increase of our present duties on imports. I need not repeat the opinion and advice which I have already expressed in the best mode and manner of accomplishing this object, and shall now merely observe that these have since undergone no change. The report of the Secretary of the Treasury will explain the operations of that department of the government.

The receipts into the treasury from all sources during the fiscal year ending 30th June, 1859, including the loan authorized by the act of March last, and the proceeds of the sale of the lands authorized by existing laws, were eighty-one million six hundred and ninety-two thousand four hundred and seventy-one dollars and one cent (\$81,692,471 01), of which the proceeds of the sale of the lands authorized by existing laws were eighty-one million six hundred and ninety-eight thousand three hundred and sixteen dollars and ten cents (\$8,395,316 10) remaining in the treasury at the commencement of that fiscal year, made an aggregate for the service of that fiscal year of ninety million three hundred and seventy thousand eight hundred and eighty-seven dollars and eleven cents (\$88,690,787 11).

The public expenditures during the fiscal year ending 30th June, 1859, were eighty-one million five hundred and eighty-five thousand five hundred and eleven dollars and eleven cents (\$81,751,511 57). Of this sum seventeen million four hundred and five thousand two hundred and thirty-nine dollars and eighty-five cents (\$17,440,239 85) were applied to the payment of interest on the public debt and the redemption of the issues of Treasury notes. The expenditures for all other branches of the public service were sixty-four million seven hundred and thirty-six thousand five hundred and thirty-five dollars and thirteen cents (\$64,311,271 72). The balance remaining in the treasury on the 1st July, 1859, being the commencement of the present fiscal year, was four million three hundred and forty-nine dollars and forty-four cents (\$4,349,255 44).

RECEIPTS INTO THE TREASURY.

The receipts into the treasury during the first quarter of the present fiscal year, commencing July 1, 1859, were twenty million six hundred and thirty-eight thousand eight hundred and eighty-five dollars and eighty-five cents (\$26,618,885 85). Of this amount three million eight hundred and twenty-one thousand three hundred dollars (\$3,821,300) was received on account of the loan and the issue of Treasury notes authorized by the act of March last, seven hundred and ninety-seven thousand five hundred and sixty-five dollars and eighty-five cents (\$19,797,585 85) having been received during the quarter from the ordinary sources of public revenue. The ordinary receipts for the first quarter, being three-quarters of the present fiscal year to 30th June, 1860, are fifty million four hundred and twenty-six thousand four hundred dollars, and thirty-one thousand three hundred and eighty-five dollars (\$50,757,400) will be required for Treasury notes and fifty-six thousand five hundred dollars (\$5,756,400) will be required under the fifth section of the act of 3d March last, for the redemption of Treasury notes, making a total of fifty-six million nine hundred and twenty-six thousand five hundred and eighty-five dollars (\$56,513,800) on account of the loan authorized by the act of June 14, 1858—making six million nine hundred and twenty-six thousand five hundred and eighty-five dollars (\$6,513,800) for extraordinary sources, and forty-three million five hundred thousand dollars (\$43,500,000) from the ordinary sources of the public revenue—making an aggregate, with the balance in the treasury on the 1st July, 1859, of ninety million three hundred and eighty-four thousand five hundred and forty-one dollars and eighty-nine cents (\$93,384,541 89) for the estimated means of the present fiscal year, ending 30th June, 1860.

EXPENDITURES OF THE GOVERNMENT.

The expenditures during the first quarter of the present fiscal year were twenty millions seven thousand one hundred and seventy-four dollars and seventy-six cents (\$20,007,174 76). Four million six hundred and sixty-four thousand three hundred and thirty-nine dollars and eighty-five cents (\$4,664,359 76) of this sum were applied to the payment of interest on the public debt and the redemption of the issues of Treasury notes, and the remainder, being fifteen million three hundred and thirty-nine dollars and eighty-five cents (\$15,342,815 00), were applied to ordinary expenditures during the quarter. The estimated expenditures during the remaining three quarters, to June 30, 1860, are twenty million three hundred and thirty-nine dollars and eighty-five cents (\$20,339,558 23). Of which sum two million eight hundred and eighty-six thousand five hundred and eighty-five dollars (\$2,886,585 85) are estimated for the interest on the public debt. The ascertained and estimated expenditures for the fiscal year ending 30th June, 1860, on account of the public debt, are, respectively, twenty million three hundred and thirty-nine dollars and eighty-five cents (\$20,339,558 23) and for the ordinary expenditures of the government, are, respectively, thirty-nine million five hundred and fifty-one thousand seven hundred and forty-four dollars and eighty-nine cents (\$39,531,754 84), making an aggregate of sixty-one million two thousand seven hundred and thirty-four dollars and eighty-four cents (\$61,871,313 07). The balance in the treasury on the 30th June, 1860, of fourteen million three hundred and eighty-one thousand eight hundred and eight dollars and fifty-four cents (\$14,383,473 54), will, if no extraordinary receipts occur, leave a deficit of forty-seven million four hundred and eighty-three thousand three hundred and eighty-six dollars and eighty-nine cents (\$47,487,839 53) to be required to pay the interest on the public debt and the redemption of Treasury notes, and the ordinary expenditures during the fiscal year ending 30th June, 1860. The Treasury on the 30th June, 1861, of thirteen million eight hundred and ninety-one thousand eight hundred and ninety-one dollars and sixty-one cents (\$13,891,879 91) will, if no extraordinary receipts occur, leave a deficit of thirty-four million six hundred and eighty-three thousand three hundred and eighty-six dollars and eighty-nine cents (\$34,583,759 42) to be required to pay the interest on the public debt and the redemption of Treasury notes, and the ordinary expenditures during the fiscal year ending 30th June, 1861. The Treasury on the 30th June, 1862, of thirteen million eight hundred and ninety-one thousand eight hundred and ninety-one dollars and sixty-one cents (\$13,891,879 91) will, if no extraordinary receipts occur, leave a deficit of thirty-four million six hundred and eighty-three thousand three hundred and eighty-six dollars and eighty-nine cents (\$34,583,759 42) to be required to pay the interest on the public debt and the redemption of Treasury notes, and the ordinary expenditures during the fiscal year ending 30th June, 1862.

law to create into effect certain Indian treaties during the present fiscal year, asked for by the Secretary of the Interior, to the amount of five hundred and thirty-nine thousand three hundred and fifty dollars (\$539,350), and upon the recommendation of the Postmaster General for the service of his department the last fiscal year, ending 30th June, 1859, amounting to four millions two hundred and ninety-six thousand three hundred and twenty-four dollars, (\$4,296,324), and upon the recommendation of the Secretary with the further estimate of that officer for the service of the present fiscal year, ending 30th June, 1860, being five million five hundred and twenty-six thousand three hundred and twenty-four dollars, (\$5,526,324), making an aggregate of \$9,835,674 for the year ending 30th June, 1861, will not, it is estimated, exceed three million five hundred and thirty thousand one hundred and ninety-six dollars and sixty-one cents, (\$3,530,196.61).

CONDITION OF THE DEPARTMENTS.

**TREASURY.**—The Secretary of the Treasury, the Secretary of the Navy, of the Interior, and of the Postmaster General. They each contain valuable information and important recommendations well worthy of the serious consideration of Congress.

It will appear from the report of the Secretary of War that the army expenditures have been materially reduced by a system of rigid economy, which, it is believed, will be permanent. The estimates of the Department for the next year have been reduced nearly two millions of dollars below the estimate of the present fiscal year, and half a million of the reduction is to be accomplished for this year at the last session of Congress.

The expenditures of the Post Office Department during the past fiscal year, ending on the 30th June, 1859, were \$4,296,324, of which the Postmaster General specially provided for by Congress out of the general treasury, amounting to \$1,964,493 33, and its receipts to be supplied from the treasury of \$2,331,830 29, amounting to \$4,296,324 for the year ending 30th June, 1859. The increased cost of transportation growing out of the expansion of the service required by Congress explains this rapid augmentation of the expenditure. It is gratifying, however, to observe an increase of receipts for the year ending on the 30th June, 1859, equal to \$481,691 21, compared with those in the year ending on 30th June, 1858, of \$339,938 10.

The deficiency for the current fiscal year will be \$5,383,424 04, but that for the year ending 30th June, 1861, it will not exceed \$1,242,473 50, should Congress adopt the measures of economy proposed, and argued by the Postmaster General. Since the month of March retrocurrences have been made in the expenditures amounting to \$1,826,471 annually, which, however, did not take effect until after the commencement of the present fiscal year.

It is, therefore, a question of great importance, terminating the question whether this Department shall become a permanent and ever-increasing charge upon the Treasury, or shall be permitted to resume the position of an agency which had no permanent charge. Since the administration of the Congress of legislation recommended by the Postmaster General for the relief of the Department from its present embarrassments, and for restoring it to its former position, it is deserving of your early and earnest consideration.

In conclusion, I would again commend to the just liberty of Congress the local interests of the District of Columbia. Surely the city bearing the burden of the Government, and the seat of the Government, should be the capital of our united, free and prosperous confederacy, has strenuous claims on our favorable regard.

JAMES BUCHANAN.  
WASHINGTON CITY, Dec. 19, 1859.

## THE BALANCE-SHEET OF THE NATION

Annual Report of the Secretary of the Treasury on the State of the Finances.

TREASURY DEPARTMENT, Dec. 5, 1859.

SIR:—In compliance with the act of Congress entitled "An act supplementary to an act to establish the Treasury Department," approved May 10, 1860, I have the honor to submit the following report:

On the let day of July, 1858, being the commencement of the fiscal year, 1859, the balance on hand of the Treasury Department was \$4,306,316 10. The receipts into the treasury during the fiscal year 1859 were as follows:

From customs and excise duties	\$2,331,830 29
From public lands	421,174 80
From miscellaneous sources	42,171 84
From treasury notes	1,000,000 00
From loan authorized by act of June 14, 1858	10,000,000 00
Total	25,230,473 46

For the quarter ending December 31, 1858:

From customs and excise duties	9,000,000 00
From public lands	402,196 97
From miscellaneous sources	306,200 24
From treasury notes	1,125,000 00
Total	10,833,397 81

For the quarter ending March 31, 1859:

From customs and excise duties	\$12,786,252 19
From public lands	149,000 00
From miscellaneous sources	603,813 58
From treasury notes	130,000 00
Total	13,669,065 77

For the quarter ending June 30, 1859:

From customs and excise duties	\$14,280,926 31
From public lands	892,876 71
From miscellaneous sources	513,052 15
From treasury notes	7,500,000 00
From loan authorized by act of June 14, 1858	\$3,000 00
Total	\$22,475,519 65

The aggregate means, therefore, for the service of the fiscal year ending June 30, 1859, were \$25,230,473 46.

The disbursements for the fiscal year ending June 30, 1859, were as follows:

For the quarter ending Sept. 30, 1858	\$21,708,108 51
For the quarter ending Dec. 31, 1858	19,507,185 87
For the quarter ending March 31, 1859	17,874,719 86
For the quarter ending June 30, 1859	29,214,256 86
Total	\$83,751,511 67

Which amount was applied to the various branches of the Government as follows:

For Civil, foreign intercourse, and miscellaneous	\$23,638,520 04
Service of Interior Department (Indians and pensions)	4,763,072 02
Service of War Department	23,243,822 38
Service of Navy Department	14,716,010 21
Public debt	17,406,286 98
Total	\$83,751,511 67

Deducting the expenditures during the fiscal year 1859 from the aggregate means during the year, a balance remained in the Treasury on the 1st day of July, 1859, of \$4,320,275 54.

From the 1st day to 30th September, 1859, being the first quarter of the current fiscal year 1860, receipts into the treasury were as follows:

From customs and excise duties	\$15,947,076 02
From public lands	5,475,049 10
From miscellaneous sources	379,639 01
From treasury notes	3,611,000 00
From loan authorized by act of June 14, 1858	210,000 00
Total	\$20,613,965 55

The estimated receipts during the three remaining quarters of the current fiscal year are as follows:

From customs and excise duties	\$14,000,000 00
From public lands	2,000,000 00
From miscellaneous sources	1,500,000 00
From treasury notes	5,750,000 00
From loan authorized by act of June 14, 1858	1,170,000 00
Total	\$60,420,000 00

Making the aggregate of estimated and actual receipts for the current fiscal year, ending June 30, 1860, of \$81,034,965 55.

The expenditures for the first quarter of the current fiscal year 1860, ending September 30, 1859, were:

For Civil, foreign intercourse and miscellaneous	\$4,748,120 89
For service of Interior Department (Indians and pensions)	1,759,176 11
For service of War Department	5,475,049 10
For service of Navy Department	3,591,561 26
For public debt	4,004,266 76
Total	\$20,607,174 79

The probable expenditures from appropriations heretofore made by law, during the three remaining quarters of the current fiscal year to June 30, 1860, are estimated at \$4,096,638 23.

Making the expenditures for the current fiscal year under existing authority \$61,002,732 90.

Deducting this aggregate expenditure from the aggregate of the before estimated means for the current fiscal year 1860, will remain an estimated balance in the Treasury on the 30th June, 1860, of \$14,351,808 40.

Estimates for the fiscal year from July 1, 1860, to June 30, 1861, as above:

Balance in the Treasury July 1, 1860, as above stated	\$14,351,808 40
Receipts from July 1, 1860, to June 30, 1861	60,000,000 00
Estimated receipts from public lands from July 1, 1860, to June 30, 1861	2,000,000 00
Receipts from sources from July 1, 1860, to June 30, 1861	2,000,000 00
Aggregate receipts	\$80,000,808 40
Estimated expenditures from permanent appropriations	\$8,179,582 43
Estimated expenditures from annual appropriations	12,262,752 07
Estimated expenditures from local appropriations	\$6,478,393 56
Total	\$66,741,928 79

Deducting the aggregate of estimated expenditures from the aggregate of estimated receipts into the Treasury during the fiscal year from July 1, 1860, to June 30, 1861, as above

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